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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: :
Asif Adatia :
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Application No.: 09/841,388 :
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Filed: April 24, 2001 :
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For: AUTOMATED SECURITIES TRADE :
EXECUTION SYSTEM AND METHOD :
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Attorney Docket No.: 11252-0005 :

Group Art Unit: 3624
Examiner: S.R. Wasylchak

I, John F. Letchford, Registration No. 33,328, certify that this correspondence is being deposited with the U.S. Postal Service as first class mail in an envelope addressed to Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on July 26, 2004.



John F. Letchford

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

SUPPLEMENTAL RESPONSE UNDER 37 C.F.R. § 1.111(b)

In response to the Office Action dated July 14, 2004, Applicant respectfully submits this Supplemental Response to the Amendment filed April 5, 2004. Applicant offers this Supplemental Response responsive to the Examiner's requirement that Applicant include arguments pointing out specific distinctions believed to render new claims 14-23 added by the April 5, 2004 Amendment patentable over the applied reference (U.S. Patent No. 6,055,519 to Kennedy et al., "Kennedy"). In

particular, the Examiner has requested that Applicant provide arguments with respect to the patentability of both independent claims 14 and 19 and each claim dependent thereon. Accordingly, the following is a discussion of Applicant's reasons in support of the patentability of those claims vis-à-vis the Kennedy patent.

For the Examiner's convenience, new claims 14-23 submitted with the April 5, 2004 Amendment are reproduced herebelow.

14. (New): An automated securities order execution system, comprising:

order entering means for a client to enter an order;

at least one broker filter for determining whether the order can be processed;

at least one trader filter for determining whether the order can be automatically executed;

at least one compliance filter for determining whether the order meets the criteria of the market on which the security is traded;

routing means for routing the order to a destination based upon the determination made by said broker, trader and compliance filters;

executing means for executing the order; and

reporting means for reporting the result of the order execution to the client.

15. (New): An automated securities order execution system according to Claim 14, wherein each said at least one trader filter includes a plurality of criteria that can be set by a user of the system.

16. (New): An automated securities order execution system according to Claim 14, wherein, if the order cannot be automatically executed, said routing means sends the order to a trader for manual execution.

17. (New): An automated securities order execution system according to Claim 14, wherein said executing means sends the order to an exchange to be automatically executed.

18. (New): An automated securities order execution system according to Claim 14, wherein said executing means fills the order from inventory.

19. (New): A method for automatically executing a securities trade, comprising the steps of:

- creating at least one broker filter for determining whether the order can be processed;

- creating at least one trader filter for determining whether the order can be automatically executed;

- creating at least one compliance filter for determining whether the order meets the criteria of the market on which the security is traded;

- entering an order for a security by a client;

- applying each of said at least one broker, trader and compliance filter to the order to determine whether the order can be automatically executed;

- routing the order to a destination based upon whether the order can be automatically executed;

- executing the order; and

- reporting the results of the trade to the client.

20. (New): The method of Claim 19, wherein the creating step includes defining a plurality of criteria for each of said at least one broker, trader and compliance filter.

21. (New): The method of Claim 19, wherein if the order cannot be automatically executed, the routing step includes sending the order to a trader for manual execution.

22. (New): The method of Claim 19, wherein the executing step includes sending the order to an exchange to be automatically executed.

23. (New): The method of Claim 19, wherein the executing step includes filling the order from inventory.

The Examiner has relied upon Kennedy to reject all of the originally filed claims in the application: claims 6 and 11 under Section 103(a) and the remainder under Section 102(b). Such rejections are respectfully traversed.

Kennedy is a system for negotiating and tracking a sale of goods. The Kennedy system is structured to facilitate an ongoing iterative exchange between the buyer and seller of the goods. In contrast, the invention defined in original claims 1-13, is an automated securities order execution system and method. The claimed invention results in the execution of a request for a security trade transaction (buy/sell) by a client. Once the client request is made, the system executes the request automatically if all specified rules are satisfied or manually by a trader if they are not. The client has no further involvement in the process.

Offering little detail, Kennedy makes two brief references to automated trading performed on stock exchanges such as NASDAQ; see column 1, lines 16-19 and column 3, lines 8-19. Indeed, the latter reference to NASDAQ touts, with emphasis added, an alleged advantage of the Kennedy system over the NASDAQ system:

A further technical advantage is that negotiation for a package of items is permitted rather simply for a single item. In contrast, a bidder on the NASDAQ, for example, can not request purchasing a package containing 100 shares of IBM and 100 shares of MICROSOFT for \$20,000. The bidder must separate the request into two requests. The present invention handles such package requests, in part, because manufacturers often require them. For example, a manufacturer of a table wants to request 100 tabletops and 400 table legs and receive a quote for the whole package. A delivery policy field can allow a range of contracts and blanket orders to be modeled.

The instant invention is specifically used to execute automated securities trades on exchanges such as NASDAQ. Based on Kennedy's criticism of the capabilities of NASDAQ securities trading systems, and the portions of the Kennedy text relied upon by the Examiner in support of his rejections (particularly the description of an iterative negotiation of the sale of tangible items at column 6, lines 20-59), it is not seen how Kennedy either anticipates or renders obvious the presently claimed system and method for automating a securities order. To the contrary, Kennedy goes to great lengths to distance the Kennedy invention from allegedly "technically disadvantaged" automated securities trading systems. Kennedy's disclosed and claimed invention is founded on a negotiation engine 16 for supporting iterative negotiation and tracking of the sale of goods between sellers and buyers. Kennedy is utterly silent

regarding any other capabilities or uses of his system, let alone executing securities orders, as is required by the presently claimed invention.

Accordingly, Applicant kindly requests withdrawal of the existing Section 102(b) and 103(a) rejections of original claims 1-13.

New independent claim 14 defines an automated securities order execution system and new independent claim 19 defines a method for automatically executing a securities trade. Each of these claims include, *inter alia*:

- at least one broker filter for determining whether the order can be processed;

- at least one trader filter for determining whether the order can be automatically executed; and

- at least one compliance filter for determining whether the order meets the criteria of the market on which the security is traded.

The broker, trade and compliance filters called for in independent claims 14 and 19 are simply not found or even remotely suggested in the Kennedy patent. For this reason claims 14 and 19 are believed to be patentable over Kennedy.

In addition to possessing all of the new and unobvious features of claims 14 and 19, dependent claims 15 and 20 further enlarge upon the at least one trader filter by reciting its inclusion of a plurality of criteria that can be set by a user of the system. Since Kennedy does not disclose a trader filter it does not and cannot disclose a trader filter including a

plurality of criteria that can be set by a user of the system. For this reason claims 15 and 20 believed to be patentable over Kennedy. In addition, claim 20 extends the concept of user-established criteria to the broker and compliance filters as well - additional novel concepts neither taught nor suggested by Kennedy.

In addition to possessing all of the new and unobvious features of claims 14 and 19, dependent claims 16 and 21 further require that, if the order cannot be automatically executed, the order be routed to a trader for manual execution. Since Kennedy does not disclose a method or system for securities trade execution, it does not and cannot disclose routing a securities trade that cannot be executed automatically to a trader for manual execution. For this reason claims 16 and 21 are believed to be patentable over Kennedy.

In addition to possessing all of the new and unobvious features of claims 14 and 19, dependent claims 17 and 22 further require executing the order by sending it to an exchange to be automatically executed. Since Kennedy does not disclose a method or system for securities trade execution, it does not and cannot disclose sending a trade order to an exchange for automatic execution. For this reason claims 17 and 22 are believed to be patentable over Kennedy.

In addition to possessing all of the new and unobvious features of claims 14 and 19, dependent claims 18 and 23 further require executing the order by filling it from inventory. Since Kennedy does not disclose a method or system for securities trade execution, it does not and cannot disclose executing a

trade order by filling the order from inventory. For this reason claims 18 and 23 are believed to be patentable over Kennedy.

In view of the foregoing, which Applicant offers as a *bona fide* effort to comply with the Examiner's request for specific arguments for patentability of all of new claims 14-23, the instant application is believed to be in condition for allowance and, therefore, early issuance thereof is earnestly solicited.

If the Examiner believes that a telephone interview would be beneficial to advance prosecution of the present application, the Examiner is invited to contact the undersigned at the telephone number listed below.

Respectfully submitted,

Date: July 26, 2004



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